

# QUARTERLY REPORT

TRADING NAME OF LICENSEE: BALLY'S SKYSCRAPER, INC. (Claridge Casino Hotel)

For The Quarter Ended March 31, 2002

TO THE  
CASINO CONTROL COMMISSION  
OF THE  
STATE OF NEW JERSEY

## BALANCE SHEETS

MARCH 31, 2002 AND 2001\*

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2002 (c)	2001 (d)
	<b>ASSETS</b>		
	Current Assets:		
1	Cash and cash equivalents.....	\$ 11,431	\$
2	Short-term investments.....	-	
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 2002, \$ 932 ; 2001, \$ ____). .... NOTE 2.....	2,220	
4	Inventories.....	1,287	
5	Prepaid expenses and other current assets.....	907	
6	Total current assets.....	15,845	
7	Investments, Advances, and Receivables..... NOTES 1 and 3...	5,544	
8	Property and Equipment - Gross..... NOTES 1 and 4...	75,156	
9	Less: Accumulated Depreciation/Amortization... NOTES 1 and 4...	(2,124)	
10	Property and Equipment - Net.....	73,032	
11	Other Assets..... NOTE 5.....	17,599	
12	Total Assets.....	\$ 112,020	\$
	<b>LIABILITIES AND EQUITY</b>		
	Current Liabilities:		
13	Accounts payable.....	\$ 2,297	\$
14	Notes payable.....	-	
	Current portion of long-term debt.....		
15	Due to affiliates.....	-	
16	Other.....	-	
17	Income taxes payable and accrued.....	-	
18	Other accrued expenses..... NOTE 6.....	13,169	
19	Other current liabilities..... NOTE 7.....	12,775	
20	Total current liabilities.....	28,241	
	Long-Term Debt:		
21	Due to affiliates..... NOTE 8.....	50,000	
22	Other.....	-	
23	Deferred Credits.....	-	
24	Other Liabilities.....	439	
25	Commitments And Contingencies..... NOTE 1.....	-	
26	Total Liabilities.....	78,680	
27	Stockholders', Partners', Or Proprietor's Equity.....	33,340	
28	Total Liabilities And Equity.....	\$ 112,020	\$

\* Bally's Skyscraper, Inc. began operations on June 1, 2001. See accompanying notes.

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: BALLY'S SKYSCRAPER, INC. (Claridge Casino Hotel)

## STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2002 AND 2001\*

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (A)	DESCRIPTION (B)	2002 (C)	2001 (D)
	<b>REVENUE:</b>		
1	Casino .....	\$ 36,769	\$
2	Rooms .....	2,657	
3	Food and Beverage .....	4,424	
4	Other .....	618	
5	Total Revenue .....	44,468	
6	Less: Promotional allowances .....	9,689	
7	Net Revenue .....	34,779	
	<b>COSTS AND EXPENSES:</b>		
8	Costs of Goods and Services .....	26,315	
9	Selling, General, and Administrative .....	5,728	
10	Provision for Doubtful Accounts .....	118	
11	Total costs and expenses .....	32,161	
12	Gross Operating Profit .....	2,618	
13	Depreciation and amortization .....	708	
	Charges from affiliates other than interest:		
14	Management fees ..... NOTE 9...	1,150	
15	Other .....	—	
16	Income (Loss) from Operations .....	760	
	Other Income (Expenses):		
17	Interest (expense) - affiliates ..... NOTE 7...	(1,062)	
18	Interest (expense) - external .....	(5)	
19	Investment alternative tax and related income (expense) - net .....	(245)	
20	Non-operating income (expense) - net ..... NOTE 10..	55	
21	Total other income (expenses) .....	(1,257)	
22	Income (Loss) Before Income Taxes and Extraordinary Items .....	(497)	
23	Provision (credit) for income taxes .....	(202)	
24	Income (Loss) Before Extraordinary Items .....	(295)	
25	Extraordinary items (net of income taxes) .....	—	
26	Net Income (Loss) .....	\$ (295)	\$

\* Bally's Skyscraper, Inc. began operations on June 1, 2001. See accompanying notes.

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

## STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001 AND THE THREE MONTHS ENDED MARCH 31, 2002

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Common Stock		Preferred Stock		Additional Paid - In Capital (g)	Retained Earnings (Accumulated Deficit) (h)	Total Stockholder's Equity (Deficit) (i)
		Shares (c)	Amount (d)	Shares (e)	Amount (f)			
1	Balance, December 31, 2000	100	\$ 0			\$ 0	\$ 0	\$ 0
2	Net Income - 2001						135	135
3	Contribution to Paid - In Capital					33,500		33,500
4	Dividends							
5	Prior Period Adjustments							
6	Distribution to PPE							
7								
8								
9								
10	Balance, December 31, 2001	100	0			33,500	135	33,635
11	Net Income (Loss) - 2002						(295)	(295)
12	Contribution to Paid - In Capital							
13	Dividends							
14	Prior Period Adjustments							
15	Distribution to PPE							
16								
17								
18								
19	Balance, March 31, 2002	100	\$ 0			\$ 33,500	\$ (160)	\$ 33,340

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

# STATEMENT OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001 AND THE THREE MONTHS ENDED MARCH 31, 2002

(UNAUDITED)  
(\$ IN THOUSANDS)

**NOT APPLICABLE**

Line (a)	Description (b)	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	(e)	Total Equity (Deficit) (f)
1	Balance, December 31, 2000. ....				
2	Net Income (Loss) - 2001. ....				
3	Capital Contributions. ....				
4	Capital Withdrawals. ....				
5	Partnership Distributions. ....				
6	Prior Period Adjustments. ....				
7					
8					
9					
10	Balance, December 31, 2001. ....				
11	Net Income (Loss) - 2002. ....				
12	Capital Contributions. ....				
13	Capital Withdrawals. ....				
14	Partnership Distributions. ....				
15	Prior Period Adjustments. ....				
16					
17					
18					
19	Balance, March 31, 2002. ....				

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF CASH FLOWS

Page 1 of 2

FOR THE THREE MONTHS ENDED MARCH 31, 2002 AND 2001\*

(UNAUDITED)  
(\$ IN THOUSANDS)

LIN (a)	Description (b)	2002 (c)	2001 (d)
1	Net Cash Provided (Used) By Operating Activities .....	\$ 3,449	\$
	Cash Flows From Investing Activities:		
2	Purchase of short-term investment securities .....	—	
3	Proceeds from the sale of short-term investment securities .....	—	
4	Purchase outflows for property and equipment .....	(2,223)	
5	Proceeds from disposition of property and equipment .....	—	
6	Purchase of casino reinvestment obligations .....	(477)	
7	Purchase of other investments and loans/advances made .....	—	
8	Proceeds from disposal of investments and collection of advances and long-term receivables .....	17	
9	Cash outflows to acquire business entities .....	—	
10	.....	—	
11	Net book values of disposals .....	—	
12	Net Cash Provided (Used) By Investing Activities .....	(2,683)	
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt .....	—	
14	Payments to settle short-term debt .....	—	
15	Cash proceeds from issuance of long-term debt .....	—	
16	Costs of issuing debt .....	—	
17	Payments to settle long-term debt .....	—	
18	Cash proceeds from issuing stock or capital contributions .....	—	
19	Purchases of treasury stock .....	—	
20	Payments of dividends or capital withdrawals .....	—	
21	Change in payable to/receivable from affiliate .....	(1,050)	
22	.....	—	
23	Net Cash Provided (Used) By Financing Activities .....	(1,050)	
24	Net Increase (Decrease) In Cash And Cash Equivalents .....	(284)	
25	Cash And Cash Equivalents At Beginning Of Period .....	11,715	
26	Cash And Cash Equivalents At End Of Period .....	\$ 11,431	\$

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Period For:		
27	Interest (net of amount capitalized) .....	\$ 1,066	\$
28	Income taxes .....	\$ (202)	\$

\* Bally's Skyscraper, Inc. began operations on June 1, 2001. See accompanying notes.

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

Page 2 of 2

FOR THE THREE MONTHS ENDED MARCH 31, 2002 AND 2001\*\*

(UNAUDITED)  
(\$ IN THOUSANDS)

LIN (a)	Description (b)	2002 (c)	2001 (d)
	<b>Net Cash Flows From Operating Activities:</b>		
29	Net income (loss) .....	\$ (295)	\$
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment .....	708	
31	Amortization of other assets .....	—	
32	Amortization of Debt Discount or Premium .....	—	
33	Deferred Income taxes - current .....	—	
34	Deferred income taxes - noncurrent .....	—	
35	(Gain) loss on disposition of property and equipment .....	—	
36	(Gain) loss on casino reinvestment obligations .....	245	
37	(Gain) loss from other investment activities .....	—	
38	Net (increase) decrease in receivables and patrons' checks .....	249	
39	Net (increase) decrease in inventories .....	1,017	
40	Net (increase) decrease in other current assets .....	71	
41	Net (increase) decrease in other assets .....	4	
42	Net increase (decrease) in accounts payables .....	(1,172)	
43	Net increase (decrease) in other current liabilities excluding debt .....	2,629	
44	Net increase in other noncurrent liabilities excluding debt .....	(7)	
45	Loss on extinguishment of debt, net of income tax benefit .....	—	
46	Amortization of CRDA assets .....	—	
47	Net Cash Provided (Used) By Operating Activities .....	\$ 3,449	\$

SUPPLEMENTAL SCHEDULE OF INVESTING AND FINANCING ACTIVITIES

	<b>Acquisition Of Property And Equipment:</b>		
48	Additions to property and equipment .....	\$ 2,223	\$
49	Less: Capital lease obligations incurred .....	—	
50	Cash Outflows For Property And Equipment .....	\$ 2,223	\$
	<b>Acquisition Of Business Entities:</b>		
51	Property and equipment acquired .....	\$ —	\$
52	Goodwill acquired .....	—	
53	Net assets acquired other than cash, goodwill, and property and equipment .....	—	
54	Long-term debt assumed .....	—	
55	Issuance of stock or capital invested .....	—	
56	Cash Outflows To Acquire Business Entities .....	\$ —	\$
	<b>Stock Issued Or Capital Contributions:</b>		
57	Total issuances of stock or capital contributions .....	\$ —	\$
58	Less: Issuances to settle long-term debt .....	—	
59	Consideration in acquisition of business entities .....	—	
60	Cash Proceeds From Issuing Stock Or Capital Contributions .....	\$ —	\$

\* Bally's Skyscraper, Inc. began operations on June 1, 2001. See accompanying notes.

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

# **SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES** (\$ IN THOUSANDS)

FOR THE THREE MONTHS ENDED MARCH 31, 2002

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	27,202	\$ 1,719		\$
2	Food	174,378	2,107		
3	Beverage	262,293	1,461		
4	Travel			1,291	50
5	Bus Program Cash	147,810	2,056		
6	Other Cash Complimentari	154,507	2,283		
7	Entertainment	6,465	61	26,599	231
8	Retail & Non-Cash Gifts	214	2	33,316	617
9	Parking				
10	Other *			60,686	292
11	Total	772,869	\$ 9,689	121,892	\$ 1,190

\* No item in this category exceeds 5%.



**BALLY'S SKYSCRAPER INC., (Claridge Casino Hotel)**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(All dollar amounts in thousands)**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and basis of presentation**

Bally's Skyscraper Inc. ("BSI" or the "Company"), a New Jersey Corporation, was formed to purchase the assets and assume certain liabilities (collectively, the "Net Assets") of The Claridge at Park Place, Incorporated ("CPPI") and Atlantic City Boardwalk Associates, LP ("ACBA"). BSI is a wholly-owned subsidiary of Bally's Park Place, Incorporated ("Bally's Atlantic City"), which is a wholly-owned subsidiary of Park Place Entertainment Corporation ("PPE"). BSI was formally granted a gaming license by the New Jersey Casino Control Commission (the "Commission") on May 30, 2001. Since June 1, 2001, the effective date of the Net Asset purchase, the Company owns and operates the casino hotel resort in Atlantic City, New Jersey known as the "Claridge Casino Hotel." The Company operates in one industry segment and all significant revenues arise from its casino and supporting hotel operations. The accompanying financial statements should be read in conjunction with the Casino Control Commission Quarterly Report for the year ended December 31, 2001.

The purchase price paid by BSI for the Net Assets was \$65 million, which was funded through a note issued by Park Place Finance Corporation ("PPFC") for \$50 million, and an equity contribution from Bally's Atlantic City. The acquisition was accounted for using the purchase method of accounting. The purchase price has been preliminarily allocated based on estimated fair values at the date of acquisition pending final determination of certain acquired balances. The final allocation of the purchase price will be completed within one year from the date of acquisition. The excess of the purchase price over the Net Assets has been recorded by BSI as goodwill.

The accompanying financial statements, which include the accounts of BSI, reflect the results of operations from June 1, 2001. All adjustments have been recorded which are, in the opinion of management, necessary for a fair presentation of the balance sheet of the Company at March 31, 2002, and its statement of income for the three months ended March 31, 2002, and its statement of cash flows for the three months ended March 31, 2002. All such adjustments were of a normal recurring nature.

**Seasonal factors**

The Company's operations are subject to seasonal factors and, therefore, the results of operations of the three months ended March 31, 2002 are not necessarily indicative of the results of operations for the full year.

**BALLY'S SKYSCRAPER INC., (Claridge Casino Hotel)**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(All dollar amounts in thousands)**

**Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenue and expenses reported during the period. Actual results could differ from such estimates.

**Revenue recognition and promotional allowances**

Casino revenues represent the net revenue from gaming wins and losses. The revenues from hotel, food and beverage, and from theater ticket sales are recognized at the time the related services are performed. The statement of income reflects operating revenues including the retail value of complimentary services (also known as promotional allowances), which are deducted on a separate line to arrive at net revenues. Promotional allowances are provided to casino patrons without charge.

In the first quarter of 2001, the Emerging Issues Task Forces ("EITF") reached a consensus on certain issues in EITF 00-22 "Accounting for 'Points' and Certain Other Time-Based Sales Incentive Offers, and Offers for Free Products or Services to Be Delivered in the Future." EITF 00-22 requires that cash rebates or refunds as part of a customer loyalty program be shown as a reduction of revenues.

EITF 00-14 "Accounting for Certain Sales Incentives," which is effective January 1, 2002, focuses on the accounting for, and presentation of, discounts, coupons and rebates. EITF 00-14 requires that cash or equivalent amounts provided or returned to customers as part of a transaction should not be shown as an expense but should be an offset to the related revenue. The Company offers cash inducements and match-play coupons to customers to encourage visitation and play at the casino. This resulted in an addition to promotional allowances (and a corresponding reduction in selling, general and administrative expenses) of \$4,339 for the three months ended March 31, 2002.

**Inventories**

Inventories are stated at the lower of cost (weighted average cost method) or market, which approximates replacement cost.

**BALLY'S SKYSCRAPER INC., (Claridge Casino Hotel)**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(All dollar amounts in thousands)**

**Property and equipment**

Depreciation of property and equipment is provided on the straight-line method over the estimated economic lives of the related assets. Depreciation expense was \$708 for the three months ended March 31, 2002.

<u>Asset class</u>	<u>Life</u>
Buildings	40 years
Building improvements	3-10 years
Furniture, Fixtures and Equipment	3-10 years

**Costs in excess of acquired assets**

On June 1, 2001, BSI acquired the Net Assets of CPPI and ACBA, in a transaction which was accounted for using the purchase method of accounting. The excess of the total acquisition cost and debt assumed over the fair value of net assets acquired (goodwill) had been amortized on the straight-line method over forty years.

In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"). Under SFAS 142, goodwill and indefinite-lived intangible assets are no longer amortized but are reviewed at least annually for impairment. Separate intangible assets that are not deemed to have an indefinite life will continue to be amortized over their useful lives (but with no maximum life). The Company has not determined the effect, if any, the adoption of SFAS 142 will have on its financial position and results of operations.

**Long-lived assets**

In August 2001, the FASB issued Statement of Financial Accounting Standard No. 144, "Accounting for Impairment of Disposal of Long-Lived Assets" ("SFAS 144"). SFAS 144 supercedes existing accounting literature dealing with impairment and disposal of long-lived assets, including discontinued operations. It addresses financial accounting and reporting for the impairment of long-lived assets, and for long-lived assets to be disposed of, and expands current reporting for discontinued operations to include disposals of a "component" of an entity that has been disposed of or is classified as held for sale. The Company was required to adopt SFAS 144 effective January 2002. Implementation of this standard did not have a material impact on the Company's financial statements.

**Fair values of financial instruments**

The fair values of the Company's financial instruments including receivables, payables and debt, approximate their recorded book values at March 31, 2002.

**BALLY'S SKYSCRAPER INC., (Claridge Casino Hotel)**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(All dollar amounts in thousands)**

**Income taxes**

Taxable income or loss of the Company is included in the consolidated federal income tax return of PPE. The Company provides for income taxes by applying the respective state and federal statutory rates to the pre-tax financial statement income. The corresponding liability or receivable is credited or charged to PPE. Deferred income tax assets and liabilities for temporary differences between the carrying amounts for financial reporting and income tax purposes, if any, are accounted for by PPE.

**Casino Reinvestment Development Authority**

The New Jersey Casino Control Act provides, among other things, for an assessment of licensees equal to 1.25% of their gross gaming revenues in lieu of an investment alternative tax equal to 2.5% of gross gaming revenues. The Company has satisfied this investment obligation by investing in qualified eligible direct investments, by making qualified contributions or by depositing funds with the Casino Reinvestment Development Authority ("CRDA"). Funds deposited with the CRDA may be used to purchase bonds designated by the CRDA or, under certain circumstances, may be donated to the CRDA in exchange for credits against future CRDA investment obligations. CRDA bonds have terms up to fifty years and bear interest at below market rates. The Company records a charge to reflect the estimated realizable value of its CRDA investments.

**Allocations and transactions with related parties**

The Company transfers cash in excess of its operating needs to PPE on a daily basis. PPE provides the Company with cash advances for capital expenditures and working capital needs.

Certain executive, administrative and support operations of the Company and other PPE affiliates are consolidated, including legal services, advertising, sales and marketing services, purchasing and other administrative departments. Costs of these operations are allocated to or from the Company either directly or using various formulas based on estimates of utilization of such services. Management believes the methods used to allocate these costs are reasonable. In addition, the Company leases a parking lot from Caesars Atlantic City, which is used for employee parking.

**BALLY'S SKYSCRAPER INC., (Claridge Casino Hotel)**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(All dollar amounts in thousands)**

**NOTE 2 – RECEIVABLES AND PATRONS' CHECKS**

Receivables and patrons' checks as of March 31, 2002 consist of the following:

	<u>2002</u>
Casino receivables (net of allowance for doubtful accounts of \$925)	\$ 557
Receivable from Sands Hotel and Casino (net of discount of \$37)	813
Receivable from multi-casino slot trusts	132
Other (net of allowance for doubtful accounts of \$7)	<u>718</u>
	<u>\$ 2,220</u>

The receivable from Sands Hotel and Casino ("Sands"), which was acquired from ACBA as part of the Net Assets on June 1, 2001, resulted from the sale of the Claridge's administration building to the Sands in April 2000. A portion of the proceeds of that sale is being realized through the offset of rent payable to the Sands for the "People Mover" (a moving walkway which connects the Claridge Casino Hotel and the Sands to the Boardwalk).

**NOTE 3 - INVESTMENTS, ADVANCES AND RECEIVABLES**

Investments, advances and receivables as of March 31 consist of the following:

	<u>2002</u>
Casino Reinvestment Development Authority	
Investment obligations (less valuation reserves of \$4,229 in 2002)	\$ 5,199
Long-term deposits	<u>345</u>
	<u>\$ 5,544</u>

**BALLY'S SKYSCRAPER INC., (Claridge Casino Hotel)**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(All dollar amounts in thousands)**

**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment as of March 31 consist of the following:

	<u>2002</u>
Land	\$ 13,415
Buildings and improvements	51,519
Furniture, fixtures and equipment	8,517
Construction in progress	<u>1,705</u>
	75,156
Less accumulated depreciation and amortization	<u>(2,124)</u>
	<u>\$ 73,032</u>

**NOTE 5 - OTHER ASSETS**

Other assets as of March 31 consist of the following:

	<u>2002</u>
Cost in excess of acquired assets, less accumulated amortization of \$260	\$ 17,581
Other	<u>18</u>
	<u>\$ 17,599</u>

**NOTE 6 - OTHER ACCRUED EXPENSES**

Other accrued expenses as of March 31 consist of the following:

	<u>2002</u>
Accrued payroll and benefits	\$ 9,327
Insurance claims	1,192
Other	<u>2,650</u>
	<u>\$13,169</u>

**BALLY'S SKYSCRAPER INC., (Claridge Casino Hotel)**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(All dollar amounts in thousands)**

**NOTE 7 - OTHER CURRENT LIABILITIES**

Other current liabilities as of March 31 consist of the following:

	<u>2002</u>
Due to PPE	\$ 8,194
Due to Bally's Atlantic City	2,009
Unredeemed slot promotions liability	800
Unredeemed chip and token liability	1,450
Other	<u>322</u>
	<u>\$12,775</u>

**NOTE 8 - LONG-TERM DEBT - DUE TO AFFILIATES**

Long-term debt - due to affiliates as of March 31 consist of the following:

	<u>2002</u>
8.5% Note payable to Park Place Finance Corporation due May 31, 2011	<u>\$50,000</u>

**NOTE 9 - CHARGES FROM AFFILIATES - MANAGEMENT FEE**

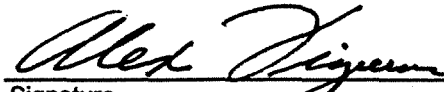
The Company and PPE have entered into an administrative services and management agreement. Under the agreement, PPE provides certain services to the Company in the conduct of its business including, but not limited to operations, marketing, banking, accounting, insurance, tax, regulatory and public company reporting, human resource and benefit administration and other administrative functions. In consideration for these services, the Company pays PPE a monthly management fee equal to three percent of revenues (net of complimentary services).

**NOTE 10 - NONOPERATING INCOME (EXPENSE) - NET**

Nonoperating income (expense) consists primarily of interest income.

# STATEMENT OF CONFORMITY, ACCURACY AND COMPLIANCE

1. I have examined this Quarterly Report.
2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during the quarter.

  
Signature

Vice President/Chief Financial Officer  
Title

#7438-11  
License Number

On Behalf Of:  
Bally's Skyscraper, Inc.  
Casino Licensee